GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:282
ANSWERED ON:12.08.2005
FAKE DEMAND DRAFTS
Gudhe Shri Anantrao;Sharma Shri Madan Lal

Will the Minister of FINANCE be pleased to state:

(a) whether the incidents of siphoning off money through fake demand drafts are on the increase;

(b) if so, the number of such cases detected during each of the last three years and the amount involved therein indicating the details of bank employees involved therein;

(c) whether the Government are also losing crores of rupees as income tax, sales tax and service tax as a result thereof;

(d) if so, the details thereof;

(e) whether there is any proposal to change the present system of issuing bank drafts including changing the paper used for making drafts; and

(f) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) to (f) : A Statement is laid on the Table of the House.Statement referred to in reply to Parts (a) to (f) of Lok Sabha Starred Question No. 282 for 12th August, 2005 by Shri Anant Gudhe and Shri Madan Lal Sharma regarding Fake Demand Drafts.

(a) & (b) : The number of cases of withdrawal of money through fake cheques/demand drafts and amounts involved therein in commercial banks, during the last three financial years, was as under :

Year	No. of cases	Amount involved (In lakh)
2002-03	411	1573.35
2003-04	193	633.09
2004-05	262	1105.74

The information regarding details of bank employees involved in such fraud cases is not generated by Reserve Bank of India (RBI). However, as per extant guidelines, banks are required to examine staff accountability and take appropriate action against guilty employees.

(c) & (d) : The instances of tax evasion, including those which may arise from siphoning off money from fake demand drafts, come to the notice of the Income Tax Department during the course of investigation. Wherever such instances come to the knowledge of the Department, appropriate action under the law is taken. The details of tax evasion arising out of such individual case records are not collated.

(e) & (f) : RBI issues instructions from time to time to all commercial banks regarding various security features to prevent payment of forged drafts. However, at present there is no proposal to change the present system of issuing bank drafts including changing the paper used for making drafts.